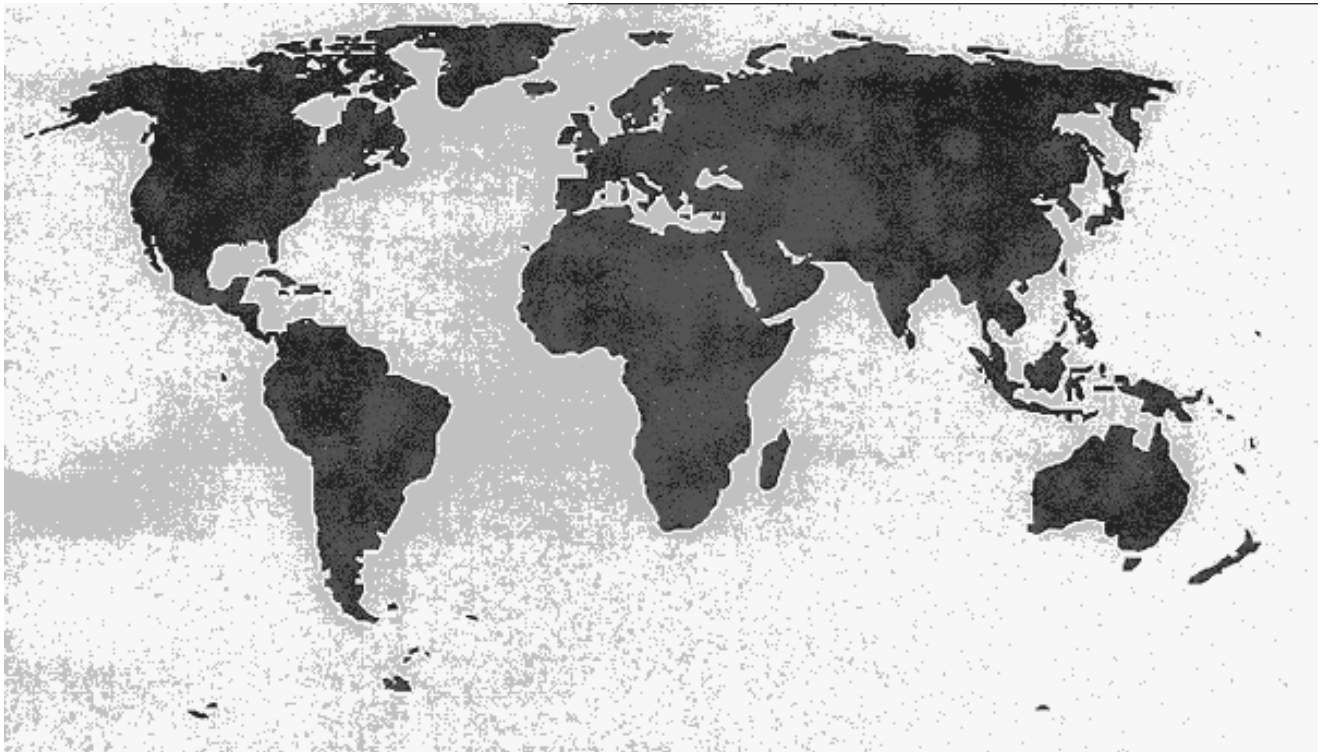


U.S. Agency for International Development
Semiannual Report
to Congress on
Audit Management
and Resolution
October 1, 1997 through March 31, 1998



Office of Management Planning and Innovation
Bureau for Management
Washington, D.C. 20523

U.S. Agency for International Development
Semiannual Report to Congress on
Audit Management and Resolution

For the Period October 1, 1997 - March 31, 1998

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FOREWORD

I am pleased to submit the U.S. Agency for International Development's (USAID) Semiannual Reports to Congress for the six month period ending March 31, 1998. The USAID management report is enclosed and the Office of the Inspector General (OIG) report is provided under separate cover.

We continue to make progress in meeting the requirements of the Government Performance and Results Act (GPRA). USAID's FY 1999 Annual Performance Plan ranked in the top quarter of all Federal agencies and the best among the international affairs agencies. While our performance data system can and will be improved, we believe that it provides USAID managers, the Administration and Congress an increasingly reliable basis for assessing our progress against objectives.

We have made significant progress during the last six months in our efforts to address vulnerabilities in USAID's New Management System (NMS). An independent review of NMS was completed by IBM and Coopers & Lybrand under the oversight of the General Services Administration. As a result of the findings and recommendations, we are examining alternatives for meeting our financial management requirements and taking other steps to improve our information management systems and procedures.

We are also taking steps to strengthen our policies and procedures for the management of unliquidated obligations. The Office of the Inspector General (OIG) estimated that \$495 million of USAID's unliquidated obligations were excess or unneeded as of September 30, 1996. We could not express an opinion on that estimate since it is based on a statistical projection of a relatively small sampling of balances, many of which had been significantly reduced before the audits were conducted. However, the audit work has helped to focus our attention on the need to take actions that will lead to more efficient resource management.

A more detailed discussion of these issues, along with other information related to USAID's audit management program, is provided in this report.

I value OIG's role in assessing USAID's progress in meeting legislative requirements and in helping to improve the efficiency of our operations. I look forward to their continued support and assistance.

J. Brian Atwood
Administrator

IMPLEMENTATION OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

USAID has moved rapidly to install worldwide the type of performance-informed management system mandated by GPRA (the "Results Act"). Over the past several years, USAID instituted agency-wide, a revised process for formulating and approving country and global strategies and a new process requiring missions and others to report on impact of their activities beyond the successful delivery of assistance (the "R4" process). As is the case with any organization undertaking comprehensive and far-reaching institutional change, but particularly for one like USAID that implements a very diverse set of programs in developing countries, there will be subsequent improvements and refinements to these new processes. Each year, USAID has instituted further changes and refinements based on the lessons learned from the previous year. For example, there is much greater uniformity in how USAID bureaus review and use the information presented in this year's R4s, the third for the Agency, as compared to the first. Yet, USAID still sees further need and opportunities for improvement. And each year, USAID's Annual Performance Report (APR) seeks ways to better analyze and present the results of USAID activities, even though the first Results Act-mandated APR is not due until FY 2000.

USAID has and will continue to meet Results Act deadlines. While a number of important differences in the interpretation of the Results Act exist, USAID continues its commitment and effort to achieve compliance with the spirit and letter of the Act. We think that the recent ranking of USAID's Annual Performance Plan indicates Congressional recognition of the seriousness with which the Agency views the Act and its efforts to be compliant.

Current Agency efforts to implement the Results Act fall into four sets of actions. The first seeks to improve the measuring, monitoring and reporting of results by missions and others directly responsible for implementing activities. The second seeks to improve how bureaus in Washington review, evaluate, and use the information to manage better and allocate resources. The third set seeks to improve the linkages between USAID's specific country programs and activities, and the Agency's Strategic Plan and Annual Performance Plan. The final set seeks to assess compliance with agency guidance and to assess whether the built-in checks and balances are functioning as intended. These sets of actions are being taken while the Agency continues efforts to resolve challenges to implementing the Act. One key challenge is how to address factors external to the Results Act that affect decisions made within the Act. Another challenge revolves around how to strike the balance between the cost of obtaining data relative to its uses, and relative to alternative uses of the resources, whether staff or program funds.

USAID's performance data system must reflect the nature and canons of good

social science data and analysis, rather than the precision of a financial institution. We believe our system, though it can be improved, does this reasonably well within the arena in which we work. While tradeoffs are required in such a complex environment, the system will provide USAID's managers, the Administration, and Congress, an increasingly reliable basis for assessing our progress against objectives.

Many sources and levels of data and analysis provide the basis for management decisions about foreign assistance -- and we are building a system to gather and report as much of that data as will cost effectively serve that purpose within and outside the Agency. We believe that our oversight committees recognize that defining and measuring significant development outcomes is a challenging task, both intellectually and methodologically. We are committed to implementing the Results Act in a way which strikes an appropriate balance between the resources we devote directly to achieving significant outcomes and to measuring and reporting on them. We will engage our Congressional committees in the tradeoffs and the implications thereof.

We embrace the concept of performance-informed management because it provides USAID an opportunity to engage Congress, the Administration, and the American public in assessing our contributions, and because we consider performance information vital to the effective management of foreign assistance resources. To this end, we have proposed some 30 indicators that characterize USAID work, narrative to aid their interpretation, additional analyses and evaluations which provide insight on the linkages between activities and Agency goals, and more detailed operating-level data that, when taken together, can enable Congress, the Administration, and others to better understand our contributions and progress. Unfortunately, the simplest forms of common data -- expenditure or procurement data -- are not very meaningful in their raw form to high level managers -- and the most common global development results indicators are lagged, derivative of many causes and effects, and must be provided in concert with analysis and interpretation.

USAID is working in many locales and cultures, in many subsectors, on many aspects, levels, and phases of the developing world's complex problems. That is why we cannot yet determine at the country level the set of simple, common indicators that can meaningfully aggregate and report over time the effects of all of our work in all of the countries in which we work. Some indicators can be "rolled up" (if carefully caveated) and reported as having an effect in given stages of political, economic and social development, in certain cultures, in certain geographic and ecological parameters. And, as we have noted in our Annual Performance Plan, comparisons can often be made across these boundaries that may help us to judge relative progress.

We will continue efforts to better measure meaningful results, using Results

Act language, "outcomes" versus "outputs," to improve upon USAID's processes. However, in a field as complex as social, political, and economic development, we are unlikely to achieve the degree of data precision and timeliness commonly associated with financial systems.

NEW MANAGEMENT SYSTEM (NMS)

Since our last semiannual report, an independent verification and validation (IV&V) of NMS was completed by IBM and Coopers & Lybrand under the oversight of GSA's Federal Systems Integration and Management Center. The USAID Worldwide Accounting and Control System (AWACS), a component of NMS, was evaluated as a part of this process. The IV&V confirmed that significant improvements are needed and recommended that alternatives be considered to meet the Agency's financial management needs.

We have acquired outside assistance for financial management business process improvement, a requirements analysis, and an investment analysis on possible options for outsourcing and cross-servicing, in addition to the commercial off-the-shelf (COTS) financial management software recommended in the IV&V. The Agency will make the critical decisions required to ensure delivery of a functioning, integrated worldwide accounting system following this work.

A number of additional actions are being taken to address deficiencies in the development and implementation of the NMS.

- In October 1997, USAID suspended new development work and redirected resources to maintaining NMS and addressing the deficiencies.
- A newly appointed NMS Executive Team is taking a disciplined, proactive approach to NMS management. The team is providing direct oversight and decision-making on policy issues, resource allocations and implementation planning pertaining to systems development activities.
- We are formally adopting an Agency information technology capital investment review process to ensure that disciplined decisions are made for future NMS investments. Also, USAID and GSA are in the advanced stages of selecting a single prime contractor to integrate our complex information technology investments. The prime contractor will operate under performance-based tasks to ensure that best practices are applied to current NMS operations and future NMS investments.
- An assessment has been completed and year 2000 renovations have begun. Standard date/time processing functions are being created for all modules. As a result, NMS will perform Year 2000 compliant date/time operations consistently using reusable code. The prime contractor will begin inserting these functions into NMS code in the Summer of 1998. Renovation schedules will be monitored closely and contingency plans will be in place and ready for implementation no later than February 1999.

- Regarding the OIG concern with AWACS, we have made a management decision to continue to use AWACS in Washington until a COTS-based replacement is available. While the Agency expects to procure a COTS financial package, the AWACS module will be made Year 2000 compliant to assure continuity of financial operations at headquarters. This will permit discontinuing the outmoded FACS legacy system, which does not represent a viable alternative to AWACS. The IBM/Coopers & Lybrand IV&V supported this decision as the least-cost, lowest risk approach.
- The number of contractors working on NMS has been reduced as we close out existing contracts and prepare for the prime contractor. The frequency of NMS releases has been changed from one per week to one per month to allow more time to build quality into each release. In addition, process improvements are being made in tracking problems, testing, and overall quality assurance.
- A streamlined structure with well-defined roles and responsibilities has been successfully implemented to maintain NMS. The NMS Executive Team is reviewing options for a project management model to manage the next generation of NMS investments. The model will be based on industry best practices of creating integrated product teams that: (1) have qualified empowered team members; (2) emphasize total system life-cycle management; (3) manage to cost, schedule and performance objectives; (4) produce integrated products and processes; and (5) ensure product success.
- The NMS Executive Team is weighing priority incremental enhancements to NMS against the need to: (1) complete Year 2000 renovations; (2) set aside resources for the financial management improvement initiative; and (3) examine other business areas. The Team will begin developing a forward-looking strategy built upon the original vision of NMS, lessons learned, and currently available COTS, cross-servicing and outsourcing options.

MANAGEMENT OF UNLIQUIDATED OBLIGATIONS

The OIG completed a series of audits to determine whether USAID reviewed and certified its unliquidated obligations for project and non-project assistance in accordance with applicable laws and regulations, and USAID policies and procedures. The audit concluded that USAID had generally complied with the requirements, but additional steps are needed to ensure that excessive balances are identified and deobligated/reprogrammed in a more timely manner.

We are taking a number of actions to improve the management of unliquidated obligations. The forward funding guidelines will be clarified and incorporated into the Agency's Automated Directives System. We do not believe, however, that all balances exceeding forward funding guidelines are in excess of

current requirements. The forward funding guidelines are parameters that may be exceeded where justified or reasonable. While at any point in time, there may be some amount of funding that exceeds forward funding guidelines, adjustments are generally made in the course of annual program reviews. As a rule, programs with relatively large pipelines receive less funding in a fiscal year than those with smaller pipelines, resulting in effective portfolio management.

We are also launching a management study to clarify the necessary steps and parties involved to effectively manage an obligation from award through contract/grant closeout. The closeout process is the Agency's method for ensuring that final amounts claimed are appropriate given certain possible contingencies, such as the impact of audited final indirect cost rates, questioned direct costs resulting from external audit exceptions, and other amended claims for mistakes in billings. Some level of funding must be retained after activities end in order to make any necessary upward adjustments. Based on the outcome of the management study, we will develop procedures to ensure that unliquidated balances are the minimum amount needed to complete this process.

FOLLOW-UP ON OTHER SIGNIFICANT AUDITS

The OIG's Semiannual Report for the period ending September 30, 1997 highlighted significant performance and financial-related audits conducted during the period. Substantial progress has been made in implementing recommendations included in these audits.

USAID's Compliance with Federal Computer Security Requirements

Because of concerns expressed by the OIG, Congress, and the General Accounting Office regarding the security of federal information systems, OIG conducted an audit to gain an understanding of USAID's policies and procedures for protecting sensitive systems and data, and to assess whether the security program met the requirements of the Computer Security Act of 1987 and OMB Circular A-130. The auditors found that improvements were needed for USAID to implement an effective computer security program. A number of actions have been taken to address the audit findings.

An Agency Information System Security Officer (ISSO) is now on board who is responsible for implementing an effective computer security program. A program plan has been developed and is now under discussion which lays the foundation for meeting the requirements of the Act and addressing specific OIG recommendations. In addition, the ISSO is providing input to ensure that information security issues are incorporated into various information technology initiatives throughout the Agency.

USAID West Bank and Gaza's Payment Process

The OIG conducted an audit to determine whether the mission's payments were in accordance with the terms of obligating documents, applicable laws and regulations, and USAID policies and procedures. The audit revealed that a significant portion of the

randomly-selected payments was not in full compliance. In response to the audit recommendations, USAID/West Bank and Gaza has:

- established controls to provide assurance that payments will be made as close to required due dates as possible, and that payments are in accordance with terms of the applicable contracts and agreements;
- paid interest due contractors for payments made after required due dates;
- evaluated whether additional controls are needed to prevent unauthorized alteration of electronic payment files;
- implemented a system to ensure that check numbers and dates are recorded promptly and correctly in the mission's payment tracking system.

USAID's Disaster Assistance Activities

As part of its worldwide audit of USAID's disaster assistance activities, the OIG audited the disaster relief and Title II emergency food aid provided to declared disasters in five countries (Sudan, Angola, Haiti, Rwanda, and Bosnia-Herzegovina) during fiscal years 1993 to 1996. In addition, audit work was done in Washington, and visits were made to a recent natural disaster location in Madagascar and to ports where emergency food commodities arrive from the U.S. The OIG also audited five emergency humanitarian assistance activities in the New Independent States region. The audit work was done to determine how USAID plans, defines, and responds to disasters; and whether USAID ensures that disaster assistance is delivered to intended beneficiaries in accordance with the agreements.

The audit found that USAID planned, defined, and responded to disasters based on certain assumptions and guidelines, and generally ensured that disaster assistance was delivered to intended beneficiaries as planned. USAID took the following actions during the semiannual reporting period to strengthen the overall management of disaster assistance activities:

- provided clarification regarding the important role USAID missions should play in monitoring disaster relief and rehabilitation projects;
- ensured that USAID field missions receive required reports on a timely basis in order to effectively monitor the implementation of disaster assistance activities;
- provided specific written guidance on proper monitoring procedures to USAID field missions.

USAID/Bangladesh's Non-Emergency Title II Food Program

The OIG audited this program to determine if the mission and its cooperating sponsor ensured that food aid reached the intended beneficiaries and whether there was progress toward achieving intended results as anticipated in planning documents. The audit found that an adequate management structure was in place to ensure that food aid reached intended beneficiaries and local currency derived from the monetization of wheat is deposited in an interest-bearing account and is used for authorized purposes. The audit also found that USAID/Bangladesh and the cooperating sponsor could better demonstrate the impact of the Title II program on achieving the mission's strategic objectives by: (1) ensuring that the sponsor reports accurate results data; (2) improving the mission's results framework; and (3) focussing more on the sustainability of results achieved. The mission agreed with and has taken actions to implement these recommendations.

U.S. Assistance to Bosnia-Herzegovina

The OIG has been conducting periodic audits of USAID's two major programs in Bosnia-Herzegovina: the 4 1/2-year, \$182 million, Municipal Infrastructure and Services Program, and the 5-year, \$278 million, Bosnian Reconstruction Finance Facility Program.

The report on the Municipal Infrastructure and Services Program for the quarter ending March 31, 1997, concluded that the program continues on a pace that should allow for completion of construction targets well in advance of the 4 1/2 years originally established. As a result of OIG findings, the regional contracting officer has determined that the Agency was overcharged for post differential by a contractor, and the overpayments have been remitted back to the Agency.

The audit on the Bosnian Reconstruction Finance Facility Program for the same period found that USAID/Bosnia-Herzegovina and the implementing contractors are using the economic revitalization assistance funds designated for the program for the purposes authorized under the grant agreement and Public Law 104-122. In response to a concern raised by OIG, USAID has agreed to amend Agency guidance to clarify the policy on limiting the level of salaries that may be reimbursed without obtaining a waiver and to make it consistent with the Federal Acquisition Regulation (FAR).

AUDIT MANAGEMENT AND RESOLUTION

USAID management continues to work in partnership with the Office of the Inspector General. During the last six months, we have taken the following initiatives to enhance the effectiveness and quality of USAID's audit management program:

- Developed design and security enhancements to the Consolidated Audit Tracking System (CATS), the Agency audit information and tracking system jointly managed with OIG. A number of offices in Washington and overseas now have read-only access to the system, which allows them to track audit recommendations on a real-time basis. World-wide expansion plans continue.
- Improved and updated policy and procedural guidance for audit management and follow-up.
- Established and conducted a comprehensive training program for audit management officers and senior Agency managers in Washington.
- Increased and realigned staff resources dedicated to audit management and follow-up.
- Instituted a proactive approach to audit management by intensifying management involvement from the audit notification stage through report issuance.

During this semiannual reporting period, USAID completed required final actions for 326 audit recommendations. In accordance with the Inspector General Act amendments, the status of management action on audits with monetary recommendations is provided in Appendices I and II. Following is a summary of these actions:

- **\$2.2 million** in disallowed costs were collected during the reporting period. This figure includes payment of over \$540 thousand from a single grantee organization.
- **Management decisions** were made on the recovery of disallowed costs totalling **\$1.9 million**.
- **Actions were taken** in response to OIG recommendations to put **\$8.5 million** to better use. Of this amount, \$278 thousand was collected; \$2.8 million was deobligated; \$4.1 million was reprogrammed; and \$1.3 million represented procedural corrective actions.
- **Management decisions** were made on audit recommendations that funds be "put to better use" valued at **\$4.8 million**. These efficiencies resulted from audits of unliquidated obligations that identified funds for deobligation or reprogramming.

Audit reports with management decisions made more than one year ago, which required final action as of March 31, 1998, are documented in Appendix III.

APPENDIX I
MANAGEMENT ACTION ON AUDITS WITH DISALLOWED COSTS
FOR THE SIX-MONTH PERIOD ENDING 3/31/98

	Number of Recommendations	Disallowed Costs (\$)
A. Audit reports with management decisions on which final action had not been taken at the beginning of the period	125	7,118,286
B. Audit reports with management decisions during the period	121	1,856,457
C. Total audit reports pending final action during the period (total of A and B)	246	8,974,743
D. Audit reports on which final action was taken during the period	137	2,231,306
1. Recoveries		
(a) Collections and offsets	132	1,982,162
(b) Property	0	0
(c) Other	4	15,997¹
2. Write-offs	1	233,147
3. Total of 1 and 2 (monetary)	137	2,231,306
E. Audit reports needing final action at the end of the period (subtract D3 from C)	109	6,743,437

¹Adjustments due to subsequently allowed amounts, unreimbursed project costs and corrections in accounting records.

APPENDIX II
MANAGEMENT ACTION ON AUDITS
WITH RECOMMENDATIONS TO PUT FUNDS TO BETTER USE
FOR THE SIX-MONTH PERIOD ENDING 3/31/98

	Number of Recommendations	Funds to be Put to Better Use (\$)
A. Audit reports with management decisions on which final action had not been taken at the beginning of the period	14	6,307,437
B. Audit reports with management decisions during the period	20	4,795,699
C. Total audit reports pending final action during the period (total of A and B)	34	11,103,136
D. Audit reports on which final action was taken during the period	19	8,481,128
1. Value of recommendations implemented (completed)	19	8,481,128
2. Value of recommendations that management concluded should not or could not be implemented or completed	0	0
3. Total of 1 and 2 (monetary)	19	8,481,128
E. Audit reports needing final action at the end of the period (subtract D3 from C)	15	2,622,008

APPENDIX III

<i>Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,</i> <i>as of March 31, 1998</i>					
Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
7-624-89-013	2A	09/29/89	107,783		After repeated attempts to collect refunds of value-added tax from the Ivorian Government, this claim continues to be uncollectible.
3-696-91-003-N	1	01/15/91	195,668		After repeated attempts to collect debt from the Government of Rwanda, this claim continues to be uncollectible.
3-674-91-006-N	2.4	03/13/91	6,037		This debt resulted from the unallowed purchase of a vehicle. The vehicle has since been disposed of and the South African grantee has disbanded. This claim was written off on 4/6/98.

<i>Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,</i> <i>as of March 31, 1998</i>					
Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
3-617-92-014-N	3	07/29/92		26,815	Vegoil was lost in transport, lost due to reconstitution, and stolen from a warehouse in Uganda. After repeated attempts by the grantee to collect from a shipping company, this claim was written off on 5/5/98.
3-674-93-010-N	1.1 & 1.2	01/29/93	6,948		Collection efforts have been unsuccessful due to financial difficulties of a South African grantee. Grantee's requests for additional funding have been denied. The claim was written off on 5/12/98.
0-000-93-005-N	1	02/19/93	769,702		U.S. grantee filed formal procurement appeal 1/95; USAID's final decision depends on review of subsequent audits, which is currently underway.

Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,

as of March 31, 1998

Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
0-000-93-010-N	1	04/30/93	21,171		USAID/Nairobi was unsuccessful in obtaining payment from a U.S. based organization that has gone bankrupt. The claim was written off on 5/5/98.
9-000-93-006	2 & 4.2	08/31/93		411,688	An audit was conducted of USAID's accounts receivable which determined that multiple bills for collection totalling \$411,688 needed follow-up action. These bills are in various stages of action.
0-000-94-001-N	1.10	10/29/93	27,592		This debt resulted from questioned costs under a contract issued to a U.S. based international consulting firm. The overseas office managing the contract has closed, and the case is currently under review in Washington.

Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,

as of March 31, 1998

Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
7-624-94-005	9.1	01/31/94		72,119	An audit was conducted of project funded advances in Benin totalling \$156,000. To date, the total of \$156,000 has been reduced to \$72,119. Efforts to liquidate advances continue.
7-698-94-002-N	1	02/02/94	10,991		All attempts to collect from a Togolese ministry have failed. The project has been closed out, and the claim continues to be uncollectible.
7-698-94-004-N	1	04/13/94	85,357		Repeated attempts to collect from an African grantee have failed. The grant has ended and mission has closed. A request for write-off was submitted 11/6/96.
3-698-94-010-N	1	04/21/94	7,642		Due to political unrest in Burundi, this claim continues to be uncollectible.

<i>Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,</i> <i>as of March 31, 1998</i>					
Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
0-000-94-053-R	1&2	05/09/94	94,993		U.S. grantee filed formal procurement appeal 1/95; USAID's final decision depends on review of subsequent audits, which is currently underway.
0-000-94-054-R	2	05/09/94	19,182		Same as above.
7-698-94-006-N	1	05/10/94	1,506		USAID received payments and documentation from a Togolese organization to reduce the outstanding balance from \$76,573. The remaining \$1506 was written off on 4/30/98.
1-521-95-001-N	1	10/06/94	196,188		On 7/9/96, USAID/Haiti transferred this uncollectible claim to Washington for possible write-off. The debt was also appealed to the USAID Procurement Executive, who denied the appeal on 12/2/96.

<i>Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,</i> <i>as of March 31, 1998</i>					
Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
0-000-95-402-R	4&5	01/04/95	32,195		Questioned costs resulted from a review of subrecipient contracts. USAID is expecting reimbursement by 9/98.
0-000-95-020-R	2.1	03/03/95	137,500		\$137,500 of \$1 million in questioned costs was disallowed by the agreement officer. The Agency Procurement Executive subsequently allowed all costs on 3/24/98. The IG is currently reviewing the case.
7-688-95-006-N	1	03/17/95	4,505		Various collection actions have reduced this debt from \$44,321. Collection efforts continue.
3-650-95-018	2.1	09/08/95		21,340	Debt resulted from loss of food. The cooperating sponsor is submitting claims against transporters in order to reimburse USAID.

<i>Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,</i> <i>as of March 31, 1998</i>					
Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
3-656-96-001-N	1&2	11/20/95	908,698		USAID/Mozambique has been unable to collect disallowed costs from a Brazilian engineering firm no longer in the country. This uncollectible debt was transferred to Washington 12/19/96 for possible write-off.
0-000-96-004-R	2	11/21/95	502,538		This disallowed cost resulted due to grantee error in accounting for cost sharing. Accounting adjustments are in process.
6-294-96-006-N	1	11/28/95	1,452,718		USAID has been unable to enforce this claim because the U.S. Government is taking legal action against the head of the organization for alleged criminal actions. The case was transferred to Washington for possible write-off on 3/10/98.

<i>Audit Reports with Management Decisions Made More than One Year Ago, Requiring Final Action,</i> <i>as of March 31, 1998</i>					
Report Number	Rec. Number	Issue Date	Disallowed Costs (\$)	Funds To Be Put To Better Use (\$)	Comments
7-686-96-005-N	1	01/25/96	60,622		This uncollectible claim was transferred to Washington 2/5/97 for possible write-off. In addition, steps have been taken to debar the contractor.
3-623-96-046-R	1	02/07/96	36,587		The mission is in the process of providing documentation related to payment of the disallowed costs.
3-621-96-007-N	1	08/29/96	273,884		Disallowed costs resulted from the review of a U.S. dollar special account in Tanzania. Collection is expected by 9/98.
4-656-97-001-N	1	10/07/96	18,073		An audit of a U.S.-based organization resulted in disallowed costs of \$32,554. \$14,481 has been offset from other claims and the organization is appealing the balance.
7-688-97-001-R	1	01/03/97	23,591		Disallowed costs resulted from grantee's payment of taxes on gasoline products purchased under the grant.

